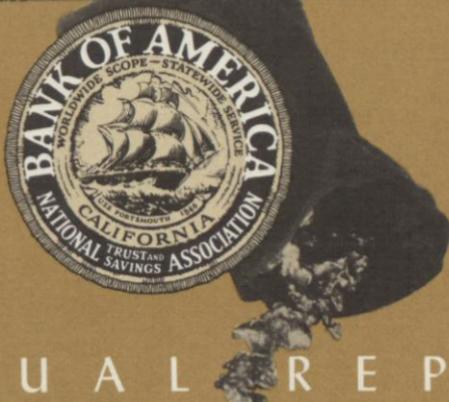


SERVING ALL OF CALIFORNIA



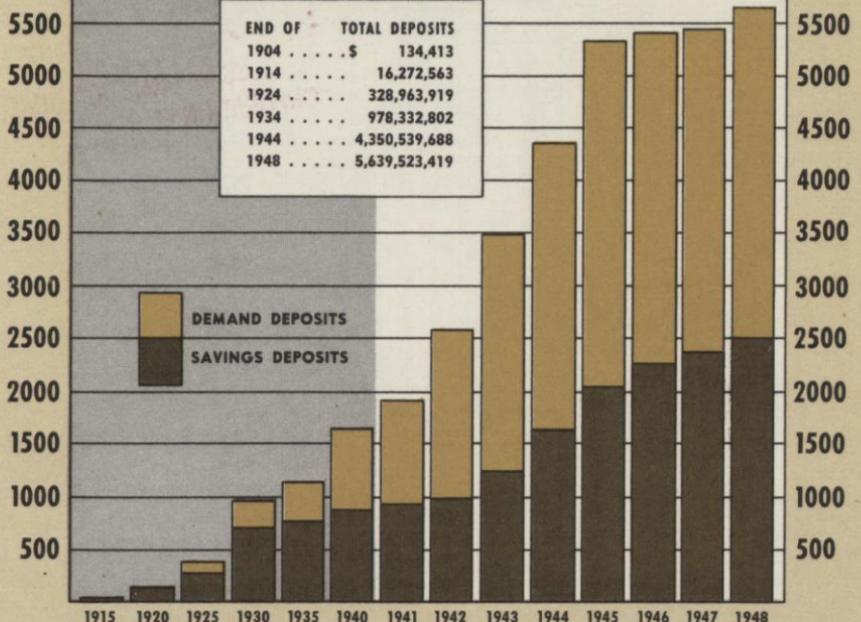
ANNUAL REPORT

1948

MILLIONS OF  
DOLLARS

## DEPOSITS

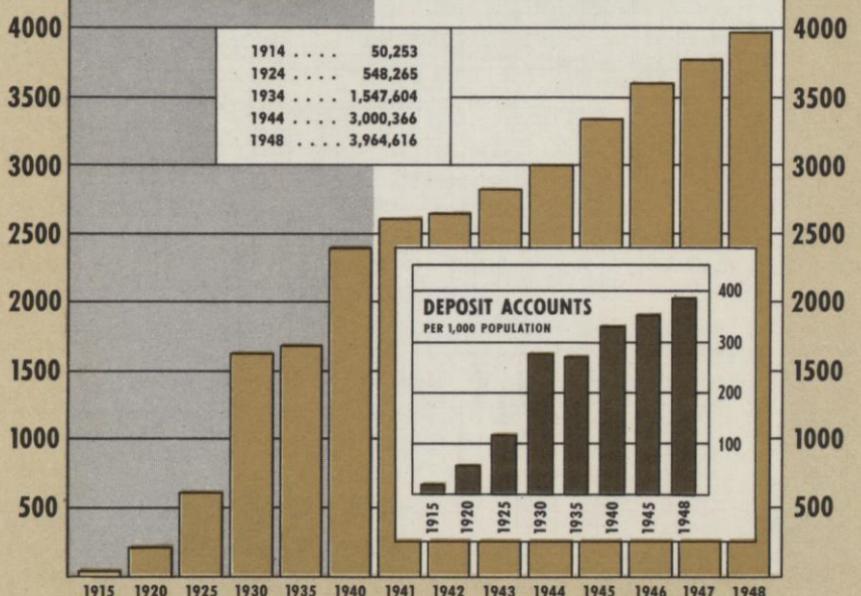
MILLIONS OF  
DOLLARS

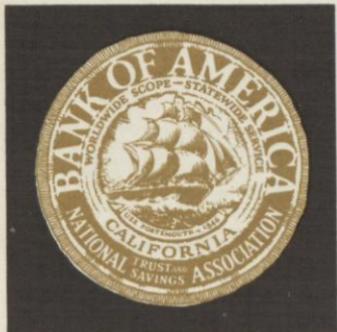


THOUSANDS OF  
ACCOUNTS

## NUMBER OF DEPOSIT ACCOUNTS

THOUSANDS OF  
ACCOUNTS





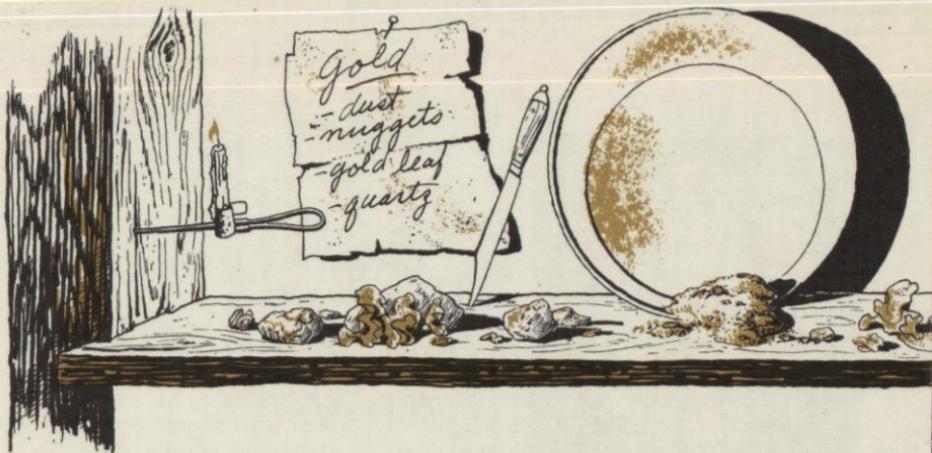
*Annual Report of  
President L. M. Giannini  
to the Stockholders*

SAN FRANCISCO, CALIFORNIA  
JANUARY 11, 1949



N CONSIDERING developments which occurred during 1948 in our bank and throughout the state of California, it seems to me that the record is one from which our customers, our stockholders, and our employes can all derive satisfaction. For Bank of America 1948 was a period of measuring up to the larger requirements of a greater commonwealth. At the year's close our total resources were above six billion dollars. This is the first time in financial history that any bank in the United States has reached this mark in any non-war year. There is, of course, no practical difference between a bank with resources in the five billion dollar bracket and one with resources in the six billion dollar bracket. The six billion has significance, however, as evidence of the effectiveness of the policies upon which we have built this bank, and, further, as a symbol of economic growth of the territory in which we operate.

Well over ten million people now make California their home. More than three million of them are comparatively recent arrivals for whom it has been necessary to provide new homes, schools and churches, adequate highways and utilities, more shops and service establishments, and all manner of private facilities and public works essential to our living standard—a job of challenging proportions for banks and every other agency of our economy. An evidence of our part in the year's work of building California and serving its people appears in figures from the bank's year-end statement of condition.

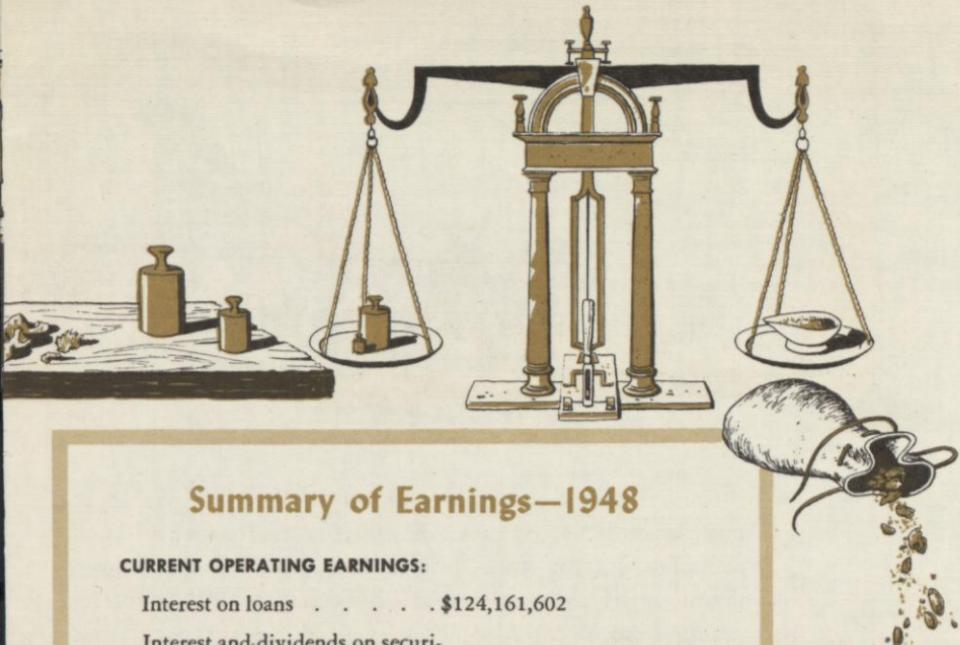


- Total resources of \$6,072,913,872 represented a year's gain of \$227,096,203.
- Deposits totaling \$5,639,523,419 were \$172,324,257 higher than a year earlier.
- Loans outstanding in the amount of \$2,807,070,398 registered an increase of \$314,090,659 for the year.
- Partially offsetting this increase in loans, investments in securities were reduced \$225,490,187 to the year-end total of \$1,945,231,719, which included \$1,545,280,553 in United States Government obligations, direct and fully guaranteed.
- Capital funds and Reserve for Possible Loan Losses together amounted to \$325,690,312 at December 31st.

## Earnings and Dividends

EARNINGS for the year were maintained in line with the bank's growth and volume of business. Net profits from current operations amounted to \$47,052,572, after adding \$4,770,608 to Reserve for Possible Loan Losses as a contribution for the current year. Net profits for 1948 were equal to \$5.51 a share. After allocating a net amount of \$8,000,000 to Reserve for Possible Loan Losses, net profits reported for 1947 amounted to \$39,590,534, or \$4.64 a share.

Dividends of \$2.50 a share, consisting of two semi-annual payments of \$1.25 each and totaling \$21,329,275, were paid in 1948, which compares with \$2.25 a share paid in 1947, \$1.00 in June and \$1.25 in December, for a total of \$19,196,348.



## Summary of Earnings—1948

### CURRENT OPERATING EARNINGS:

Interest on loans . . . . .	\$124,161,602
Interest and dividends on securities (after amortization) and net profits from sales of securities . . . . .	29,968,341
Other current operating earnings	<u>26,051,772</u>
	\$180,181,715

### CURRENT OPERATING EXPENSES:

Interest paid . . . . .	\$30,186,722
Salaries and wages (including employes' profit-sharing participation of \$2,279,277) . .	48,653,474
Provision for taxes and assessments . . . . .	31,754,311
Other current operating expenses	<u>17,764,028</u>
	\$128,358,535

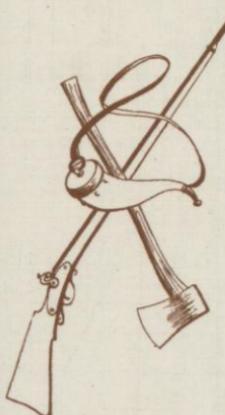
### NET CURRENT OPERATING EARNINGS . . . . .

Addition to Reserve for Possible Loan Losses*	<u>4,770,608</u>
<b>NET PROFITS . . . . .</b>	<b><u>47,052,572</u></b>

### DIVIDENDS PAID: \$2.50 a share . . . . .

<b>ADDITION TO CAPITAL FUNDS FROM CURRENT EARNINGS*</b>	<b><u>25,723,297</u></b>
	<b><u>47,052,572</u></b>

\*See "Earnings and Dividends," pages 2 and 4.



Current operating earnings amounted to \$180,181,715 in 1948, after \$8,030,845 was set aside for amortization of bond premiums. Income from the investment portfolio was derived almost entirely from interest and dividends, only \$128,390 resulting from sales of securities. Current operating expenses totaled \$128,358,535, including employes' profit-sharing participation of \$2,279,277, leaving net current operating earnings of \$51,823,180, against \$47,590,534 in 1947.

The sum of \$3,229,392 was transferred from Undivided Profits to Reserve for Possible Loan Losses to adjust the reserve for the years 1944, 1945 and 1946, in keeping with the most recent rulings of the Bureau of Internal Revenue. Giving effect to this withdrawal from Undivided Profits and to the addition of \$25,723,297 from current earnings, capital funds were increased by the net amount of \$22,493,905 and at December 31, 1948, amounted to \$284,184,798. After transfers to Reserve for Possible Loan Losses during the year, and after credits for loan recoveries and charges for loan losses, the reserve amounted to \$41,505,514 at December 31, 1948, showing an increase of \$4,458,905 for the year.

## Deposit Activity

DEMAND DEPOSITS in the total amount of \$3,139,747,379 at December 31, 1948, recorded an increase of \$45,336,477 for the year. Total savings and time deposits of \$2,499,776,040 stood \$126,987,780 higher than at the close of 1947. The gain of \$172,324,257 in total deposits was, of course, the principal contributing factor in raising our total resources above the six billion dollar mark.



HACKETT

We can thank our entire staff for adding this to the long list of earlier achievements of similar character. To recall a bit of history, it was through employes' deposit building programs that we established ourselves as a one billion dollar bank in 1934, and as a two billion dollar bank in 1941. And it was through the business building efforts of the staff as a unit, carried on as the "Let's Get Better Acquainted" program since September 15, 1947, that the six billion dollar mile post was reached in 1948.

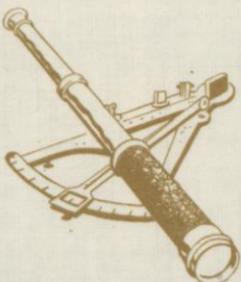
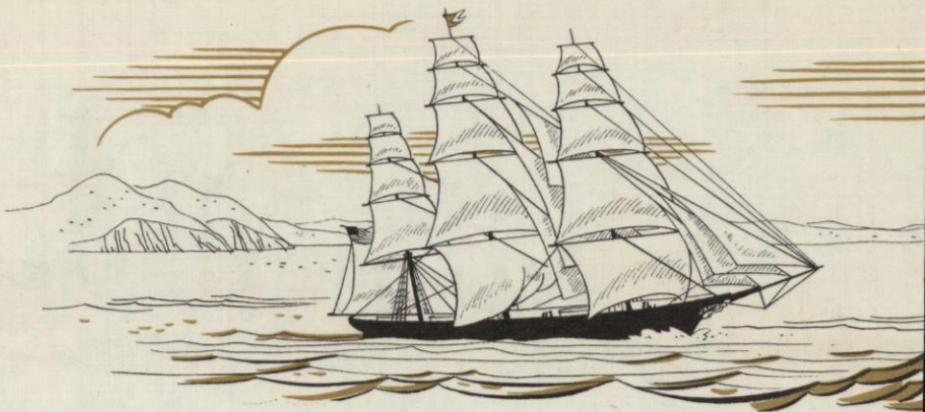
Continuing our policy of sharing improved earnings with depositors, a further liberalization in interest payments took place last June when we established 1½ per cent as the annual rate applicable to all savings deposits. Before that time the 1½ per cent rate applied only to balances of \$10,000 or less. This was the third advance effected in the past two years in our savings interest rate.

The Christmas Club enrolled some 190,000 members for the 1948 savings period, 40,000 more than the year before. Their accumulations by systematic saving were approximately \$19,000,000, improving upon the 1947 record by \$3,700,000. Distribution of Christmas Club checks each December 1st exerts an important influence on holiday trade. Many of our savings depositors trace their systematic thrift habit to the Christmas Club.

As a further effort to help people to improve their financial condition, last year we introduced the Thrift Club. It is similar to the Christmas Club, except that an account may be opened at any time of year, and the goal is to be reached by systematic saving over a longer period of time.

Another educational and habit-forming activity of the bank is its school savings work. Students in 1,478 California schools





are learning lessons of thrift by carrying school savings accounts with us. The whole program is planned to make saving interesting and attractive to young folks. In the latter part of 1948 there were over 205,000 school savings passbooks outstanding, showing an average balance of \$39, most of it accumulated in pennies, nickels and dimes.

## Lending Activity

A HIGH LEVEL of activity was maintained in our lending departments throughout the year, a natural result of our credit policy which is designed to meet all legitimate credit needs and to extend lending facilities to every credit-worthy individual and enterprise. We have striven, and I think successfully, to make growing California self-sustaining when it comes to financing trade and industrial expansion, mechanization of farms, purchase and equipment of homes, and purchase of the cars which have made it the most completely motorized state in the Union.

In the 12 months ended November 30, 1948, we extended a total of \$4,144,000,000 of bank credit in 1,429,000 individual transactions.

Loans outstanding December 31st consisted of approximately \$920,000,000 in commercial, industrial and agricultural loans, \$1,395,000,000 in real estate loans, and \$492,000,000 in instalment credit loans, showing one-year gains of about \$72,000,000 in commercial, industrial and agricultural loans, \$150,000,000 in real estate loans, and \$92,000,000 in instalment credit loans. Such gains continued, although at a somewhat reduced pace, the trend noted in 1947, a trend formed by the demands of our



growing population and a gradual catching up with its normal requirements.

During the 12 months ended last November, 1,031,134 retail Timeplan loans and financing transactions were arranged, in the average amount of \$485, involving \$500,505,000 of bank credit.

Small business loans for capital and equipment purposes made in the 12 months ended November 30, 1948, numbered 43,918 and totaled \$77,578,000. In the three postwar years ended on that date we made 113,428 loans to small enterprises for a total of \$245,626,000.

These figures are exclusive of factoring and accounts receivable financing, much of which represents credit extended to small business. In the 12 months ended November 30, 1948, we advanced \$395,061,000 in factoring and accounts receivable financing, this volume having grown from \$287,808,000 in the comparable 1947 period, and from \$126,878,000 in the period ended in 1946.

Instalment credit loans of all classes combined, retail Timeplan, wholesale, factoring, accounts receivable and rediscounts, are currently being liquidated at the rate of \$100,000,000 a month. This rate of pay-off is against the year's volume of about \$1,267,000,000 in retail and wholesale instalment credit loans made. For the 12 months ended November 30, 1948, real estate loan repayments amounted to about \$258,000,000, an average monthly rate of approximately \$21,500,000.

Real estate loans outstanding November 30, 1948, averaged \$5,686 (home modernization loans not included). Outstanding FHA real estate loans fully insured under the National Housing Act totaled \$367,182,000, an increase of \$101,651,000 over the figure reported a year ago and a new record total in this





category. Home loans to veterans guaranteed under the G. I. Bill were held in the amount of \$646,000,000. These loans were fully or partially guaranteed by the Veterans Administration to the extent of approximately \$314,000,000.

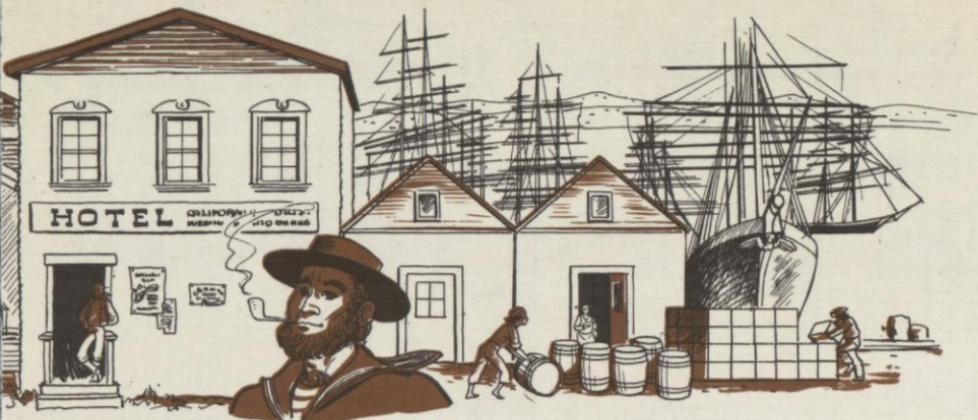
### Investment Portfolio

CARRYING value of our securities at December 31, 1948, consisted of \$1,545,280,553 in government issues, \$283,455,132 in state, county and municipal bonds, and \$116,496,034 in other bonds and securities.

United States government issues due or callable within five years totaled \$1,367,038,400 par value and constituted 89.8 per cent of the government portfolio at December 31, 1948, in comparison with 88.7 per cent a year earlier. Government securities held last December 31st due or callable in one year or less totaled \$607,963,850 and represented 39.9 per cent of all government holdings, while an additional \$759,074,550, or 49.9 per cent of the government total, was due or callable in less than five years. Government securities due or callable in one year or less composed 48.5 per cent of the portfolio at December 31, 1947, and 38.9 per cent at the close of 1946. Issues due or callable from one to under five years represented 40.2 per cent of the portfolio at December 31, 1947, and 34.1 per cent the year before.

### The Little Fellow's Bank

NINETEEN FORTY-EIGHT added to the record another demonstration of the soundness of our keystone policy—originated



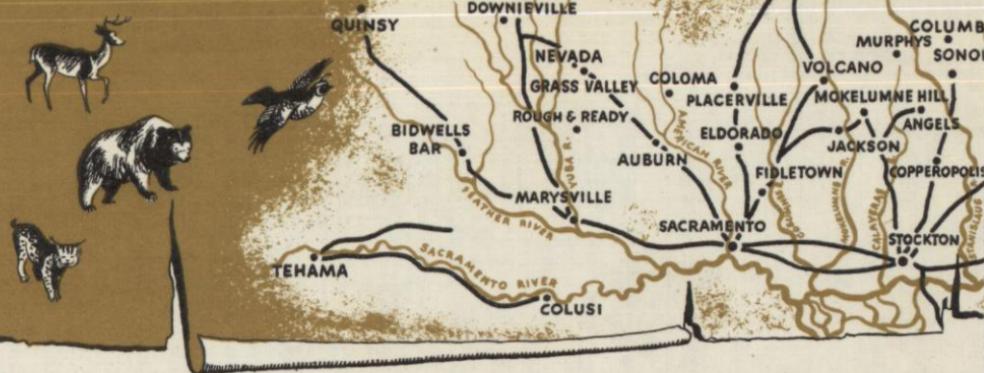
by our founder, A. P. Giannini—of catering to the small customer. I refer to our large and growing number of deposit accounts. In November we had 3,964,616 deposit accounts in our statewide system, consisting of 1,431,130 checking accounts and 2,533,486 savings accounts of all types. The total number of deposit accounts showed a gain of 180,143 for the year.

A recent computation revealed that demand deposits of individuals, partnerships and corporations averaged \$1,634, while savings accounts of individuals showed an average balance of \$896.

On November 30, 1948, there were 1,420,422 loans of all classes outstanding, an increase of 304,169 loans for the year. The total number consisted of 827,191 small loans to individuals and small business enterprises, 428,056 loans to assist people to purchase or improve their homes or other real estate, and 165,-175 commercial, industrial and agricultural loans.

At this point I should like to comment briefly regarding the Federal Reserve Board's complaint against Transamerica Corporation, news of which has appeared in the papers these last few weeks. The Reserve Board has made it clear from the beginning that Bank of America is not a party to the proceeding and that no charge is made against Bank of America. The Board has improperly charged Transamerica Corporation with having substantially lessened competition in the commercial banking business and having tended to create a credit monopoly in California and other western states through its stock ownership in 46 banks. Over 85 per cent of the banking offices operated by these banks are California branches of Bank of America, which Transamerica Corporation does not control, that corporation and its subsidiaries owning only 22.89 per cent of this bank's outstanding



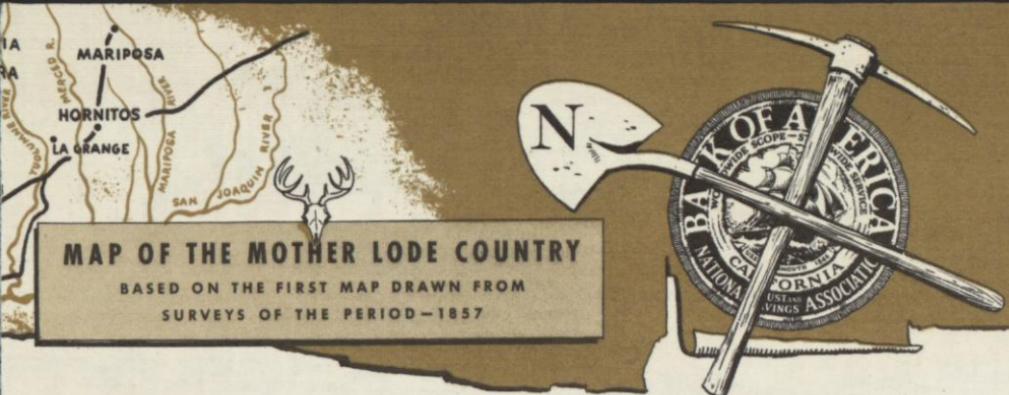


## Statement of Condition RESOURCES

Cash in our vaults and on deposit with Federal Reserve Bank . . . . .	\$ 847,290,364.89
Cash on deposit with banks in New York, Chicago, and other cities, and cash items in process of collection . . . . .	341,974,207.88
<b>TOTAL CASH</b> . . . . .	<b>\$ 1,189,264,572.77</b>
United States Government obligations. direct and fully guaranteed . . . . .	\$ 1,545,280,553.15
State, county, and municipal bonds . . . . .	283,455,131.62
Other bonds and securities . . . . .	109,996,633.92
Stock in Federal Reserve Bank . . . . .	6,499,400.00
<b>TOTAL SECURITIES</b> . . . . .	<b>1,945,231,718.69</b>
We have loaned to our customers for use in their businesses, for reconversion purposes, for the storing of commodities, for intermediate capital uses, for building, buying, or modernizing their homes, financing automobile or household equipment purchases, and for other legitimate needs . . . . .	\$ 2,807,070,397.91
We have interest due us on bonds and loans (earned to the date of this statement), and accounts receivable . . . . .	24,974,348.58
We hold guarantees and securities of customers and banks, for letters of credit, acceptances, and endorsed bills . . . . .	63,106,784.24
<b>TOTAL DUE US FROM CUSTOMERS</b> . . . . .	<b>2,895,151,530.73</b>
Bank buildings, furniture, fixtures, and safe deposit vaults. This figure represents the cost less depreciation reserve of \$22,966,759.93 . . . . .	42,438,450.40
Other real estate owned. This is real estate acquired in the settlement of debt, carried at less than cost or appraised value . . . . .	256,058.81
Other resources, including automotive equipment, deferred charges, etc. . . . .	571,540.33
<b>TOTAL RESOURCES</b> . . . . .	<b>\$ 6,072,913,871.73</b>

**Bank of**  
NATIONAL TRUST SAVINGS  
Branches servin

This statement includes figures of the Bank's foreign branches . . . Member FDIC



## MAP OF THE MOTHER LODGE COUNTRY

BASED ON THE FIRST MAP DRAWN FROM  
SURVEYS OF THE PERIOD—1857

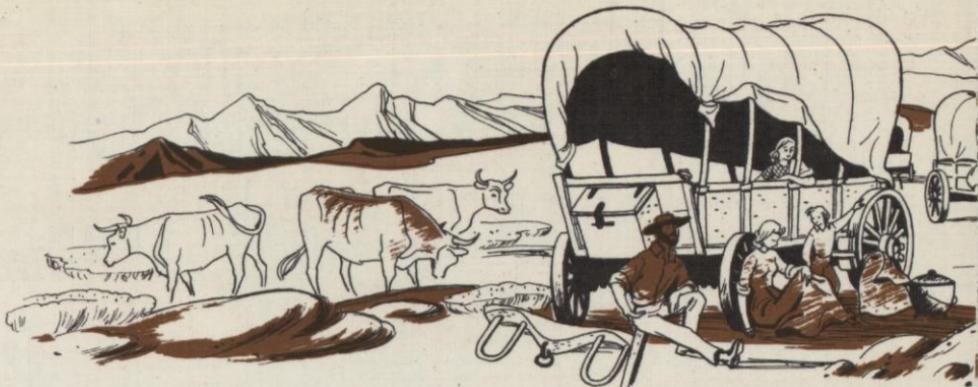
on December 31, 1948

## LIABILITIES

<b>Capital.</b> Representing the investment of approximately 150,000 stockholders . . . . .	\$ 106,646,375.00
<b>Surplus.</b> Paid in by stockholders or accumulated from earnings . . . . .	110,000,000.00
<b>Undivided profits.</b> Profits accumulated and not distributed . . . . .	62,872,254.99
<b>Reserves.</b> Set aside out of accumulated profits by the Board of Directors, available as a reserve, in addition to Surplus and Undivided Profits, against normal contingencies . . . . .	4,666,168.06
<b>TOTAL CAPITAL FUNDS</b> . . . . .	<b>\$ 284,184,798.05</b>
<b>Reserve for possible loan losses.</b> This reserve is to apply against any loan losses that may develop in the future; it has not been allocated to any particular loans or type of loans . . . . .	41,505,513.86
<b>Demand deposits.</b> Funds placed with the bank by individuals, corporations, firms, banks, public officials, and the United States Government (payable on demand)	\$3,139,747,378.91
<b>Savings and time deposits.</b> Funds placed with the bank in savings accounts or for extended periods of time by individuals, corporations, firms, United States Government, State of California and political subdivisions thereof . . . . .	2,499,776,040.24
<b>TOTAL DEPOSITS</b> . . . . .	<b>5,639,523,419.15</b>
<b>We have endorsed Bankers' Acceptances and issued Letters of Credit on behalf of customers, and have agreed to honor Customers' Drafts (not yet due), all of which are secured by the guarantees and collateral of customers and banks included in resources . . . . .</b>	<b>65,383,454.65</b>
<b>We have reserved for interest received in advance on loans</b> . . . . . This amount will be taken into income as earned.	12,463,320.59
<b>We have set aside as a reserve for interest payable on time deposits and for taxes and other expenses</b> . . . . .	29,853,365.43
<b>TOTAL LIABILITIES</b> . . . . .	<b>\$6,072,913,871.73</b>

America  
AND ASSOCIATION  
ng all California

Federal Reserve System . . . Member Federal Deposit Insurance Corporation



stock. It is in order, therefore, to give thought to the vast number of people served by our bank, and to consider the many deposit and credit services maintained for their use, as eloquent refutation of credit monopoly charges.

The banking business in the United States did not know the real effect of competition until our founder, A. P. Giannini, entered the field and advanced his concept of branch banking. From the beginning, the cornerstone of our philosophy of banking has been that the credit facilities as well as the deposit facilities of the bank should be available for the use of all. This has never been a lip-service policy, but a practical, workable policy, made so by designing credit services to meet the needs of all people—and the little fellow especially. Our present portfolio of over 1,420,000 loans was built up through adherence to this policy. Moreover, it was built up in competition, keen competition. California is open territory, a free market, for any credit-extending institution to enter. The truth of these statements is proved by the impressive rate of growth of our competitors.

The growth of these banks has been an important factor in freeing western business and industry from the tendency towards monopoly of credit previously enjoyed by lending institutions in the older eastern financial centers. Surely antitrust legislation does not apply where, in direct competition, benefits to the public have been increased in the manner shown in this report.

## Trust Department

ACTIVITY in the Trust Department attained a higher level in 1948 than in any previous year. Satisfactory increases were made





in number and value of new accounts secured, number and value of new wills filed naming the bank in a fiduciary capacity, and in value of trust assets.

Our Diversified Common Trust Fund, established a year ago as an added facility for extending the advantages of bank trusteeship to trust accounts, had a successful first year. In this period an income yield around 4 per cent was derived from a portfolio of diversified securities which included government and corporation bonds, preferred and common stocks.

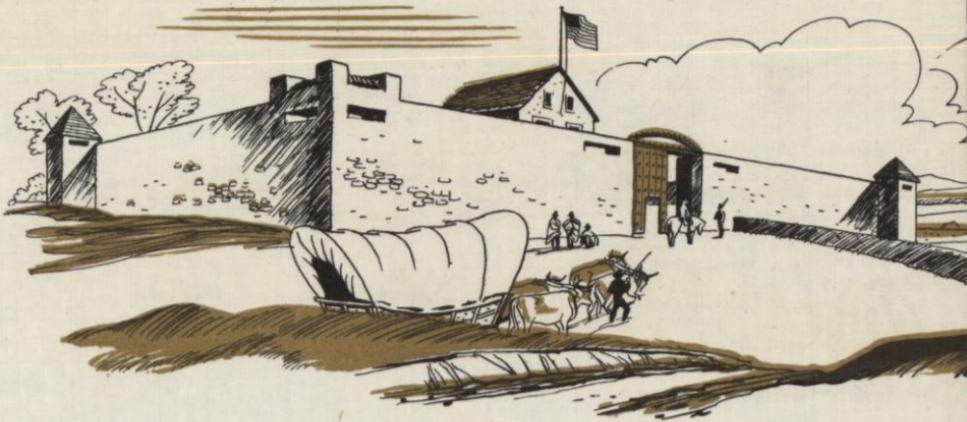
Full-time trust personnel in strategically located branches make our trust services available to customers everywhere in California. Senior executives at headquarters participate in the management of securities and other properties which are entrusted to the bank as executor, co-executor, trustee, co-trustee, or in any other fiduciary capacity.

## World Banking

WE ARE now operating five branches in foreign cities: London, Manila, Tokyo, Kobe and Yokohama, and have offices of representatives in New York, Paris, Milan, Zurich and Shanghai. The Kobe and Yokohama branches and the representatives' offices in four foreign cities were opened in 1948.

Stimulated by our larger position in the field of foreign trade, an increase of more than 100 per cent in foreign deposits placed with us occurred last year. Deposits in our own foreign branches nearly doubled during the year.

Our International Banking Department was particularly active throughout 1948 in financing world trade in coffee, sugar, copra,



rice, wheat, wheat flour, textiles, chemicals, lumber, raw cotton, newsprint and woodpulp. We had a substantial position in financing transactions under the Economic Cooperation Administration.

Nearly 1,000 new sales outlets for Bank of America Travelers Cheques were opened last year, making 5,039 banks, currency exchanges, travel and other agencies throughout the world where this facility for travelers is obtainable. Sales of travelers cheques were higher than in any previous year.



## Branch Extension and Modernization

BANK OF AMERICA service was made available in nine additional locations in California in 1948. New branches were established in Garberville, Lake Arrowhead, Larkspur, Calipatria, Castro Valley and El Cerrito, representing our initial entry into these communities. Other branches opened in 1948 were the Crenshaw-Stocker branch in Los Angeles, the Willow Glen branch in San Jose, and the Town and Country branch outside Sacramento. These additions gave us a total of 517 branches in California, exclusive of banking facilities which we operate in 12 locations for the convenience of the military forces.

Our program of expanding and modernizing present branch premises to meet the requirements of our growing business continues at a good pace. Presently under way are upwards of 160 projects of all kinds and dimensions, consisting of new buildings, enlargements, remodelings, and additions to parking space, thereby producing more tellers' windows, more lobby and working space, more safe deposit facilities, better lighting, and in



other ways serving the comfort and convenience of our customers and operating personnel.

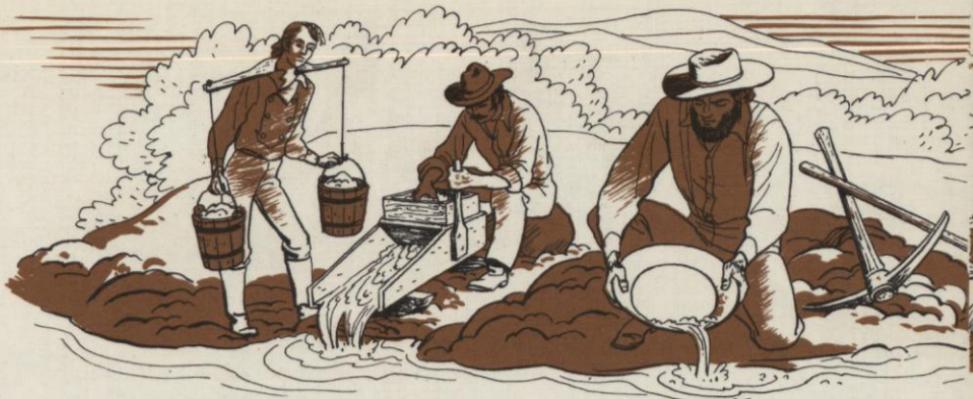
In the past year, 89 major construction undertakings, involving an investment of \$6,430,000, have been completed in our postwar program of expanding and modernizing our branch premises. In purchases of sites and construction of new buildings, remodeling jobs and installations of various kinds, 95 major projects, some of which were included in the year's total of completed projects, were authorized during 1948, involving an estimated investment of \$8,980,000.

## The Bankamerican Family

WHILE this is referred to as the President's Annual Report, it is in reality an accounting of stewardship of the entire personnel—an experienced, efficient, harmonious team of 14,700 officers and other employes. More and more, as I recount each year's work, I am impressed with the extent to which the result is attributable to staff skill and staff teamwork.

Another milestone was reached last year when the one-thousandth member was inducted into the Quarter Century Club. Over the years this organization has enrolled 1,045 members, of whom 881 are still on active duty, which means that in an average group of 100 working Bankamericans six have been in service for 25 years or longer.

In the fiscal year ended November 30, 1948, 31,331 shares of Bank of America stock were acquired for the Employes' Profit-Sharing Bonus Plan, making a total of 392,660 shares so acquired since inception of the program in 1938.



While on the subject of the Bankamerican Family I shall repeat in substance a statement that I have made on previous occasions regarding another branch of our family. All of us who work in the bank realize fully that its present position in the forefront of the financial world is due in large measure to the support and cooperation of its many stockholders. The patronage of our stockholders, their families and friends, helps materially in building the bank and increasing its earnings; that, in turn, enhances the value of our stockholders' investment.



## The California Trend

CALIFORNIA Taxpayers' Association estimated our state's population to be around 10,264,400 at the close of 1948. This is an increase of 290,050 for the year.

By comparison with any previous year, 1948 was the best on record for California in many particulars. However, examination of available monthly data discloses a definite leveling-off tendency in the latter part of the year, with some figures failing to equal those of 1947.

Total civilian employment was higher in each of the first eleven months of 1948 than in the corresponding months of 1947, according to data of the state's Department of Industrial Relations.

Individual incomes, as reported by California State Chamber of Commerce, were expected to total over \$17,000,000,000, about 6 per cent higher than in 1947, and more than double the total income of individuals in California in 1940.



Last year California continued its 1947 record of pacing the nation in construction activity. Value of total construction was \$1,863,800,000 for the first nine months of 1948, against \$1,250,100,000 in the corresponding period of 1947. The total in 1948 was 14.3 per cent of the national figure. Private construction accounted for \$1,588,400,000 of the nine months' total in 1948, and of this sum \$1,051,100,000 was for residential building. U. S. Department of Commerce compilations show our state as accounting for 15.7 per cent of all private construction and 20.3 per cent of all residential building in the 1948 period.

In major industrial areas of California, 972 new factories and plant expansion projects were started or announced during the first ten months of 1948, representing a capital investment of \$184,522,000 as reported by the State Chamber of Commerce. Cumulative totals since the beginning of 1945, consisting of 6,250 new plants and plant extension projects involving a capital investment of \$1,038,504,000, suggest the postwar pace of California's industrialization.

Despite damaging drought in the winter of 1947-48, California farmers derived \$1,775,660,000 from their marketings of crops and livestock during the first ten months of 1948, slightly better than in the corresponding months of 1947, indicating another year of more than two billion gross income from agriculture. Notwithstanding declines in prices for some products, the total was maintained for the reason that other prices advanced. All things considered, the record is a testimony to the stability achieved through diversification of California's agriculture.

Department store sales, as measured by the Federal Reserve Board's seasonally adjusted index, during the first nine months of 1948 ran from 5.7 to 13.7 per cent ahead of corresponding





1947 months. A slower pace was maintained in the fourth quarter of 1948. October sales barely exceeded those of 1947 and the November index registered 10 per cent decline. Incomplete preliminary data for December suggested that this decline had been checked, although holiday trade as a whole was probably slightly below last year's volume. Sales of motor vehicles, building materials, hardware and home equipment were at high levels for the year as a whole, although a retarding effect in sales of motor vehicles and home equipment was felt by revival in September of the Federal Reserve Board's Regulation W applying to consumer credit. In my opinion, the present regulation is too restrictive to serve the public interest.



Various business developments during the year seem clearly to indicate the leveling-off process first noted in 1947, an adjustment which is taking place on the high level reached by the California economy during the war and early postwar years. Our state's immediate task, and one worthy of our best efforts, is to consolidate recent gains.

## Looking Forward

THE YEAR just closed has been highly prosperous for all elements of the national economy. National income has reached the highest level in history. Problems of inflation have been with us throughout the year and they continue to press for solution, although some progress toward suppression of the inflationary trend appears to have been made in recent weeks.

Consumer goods in general are in adequate supply, but a large backlog of orders still exists in heavy industries, a condition likely to continue through 1949.



It is not sensible to anticipate a severe depression as long as expenditures for national defense and foreign aid maintain the twenty billion dollar level projected for this year.

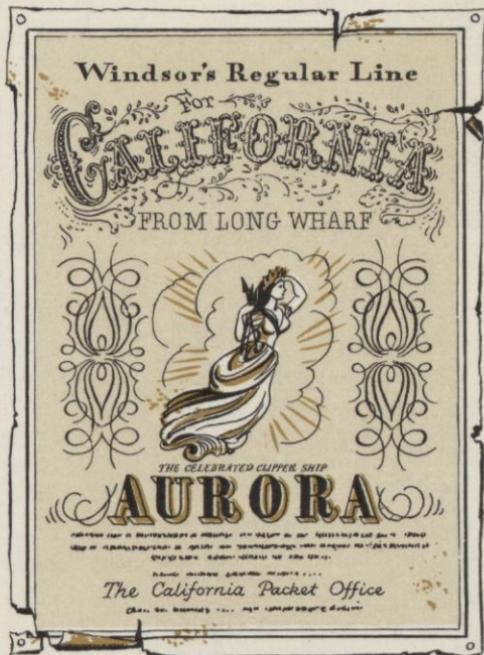
Some consumer industries will undoubtedly operate at less than capacity in 1949, but those having sound management and economic justification will continue to prosper. Service and heavy industries should earn satisfactory profits.

Europe is making good progress toward recovery. War on the scale of the last two world wars does not appear to be imminent.

If we do not wilfully induce a recession, 1949 should be a better than average year for business. The times, however, call for a high degree of statesmanship on the part of both business and labor leaders.

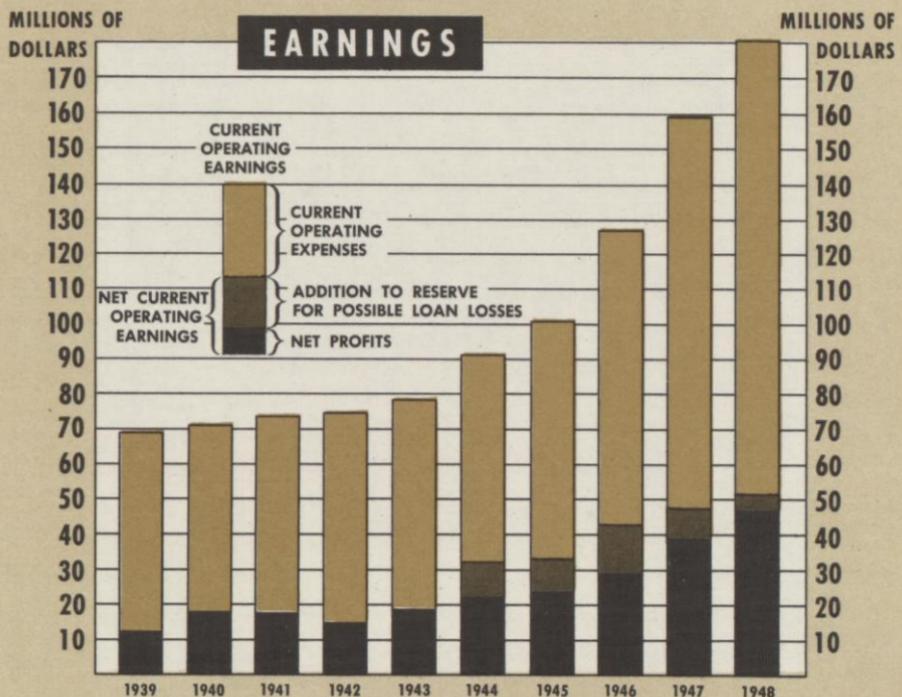
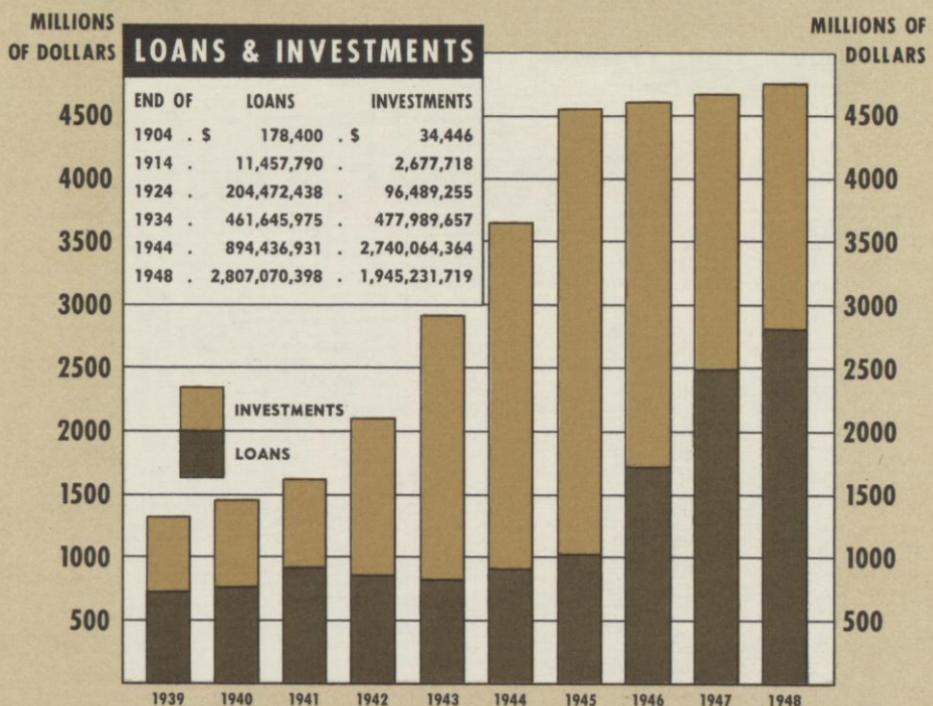
All things considered, we are warranted in anticipating that good times will continue if we do not trifle further with our domestic economy and the free enterprise system.





*In this fashion of 100 years ago, Boston sailing ships announced their schedule of departures for California, the Land of Gold.*

Through this annual report of Bank of America, the reader observes Financial California 100 years after the Gold Rush. Sketches suggest the conditions of the earlier day when masts of deserted ships created a virtual forest in the Bay, and overland wagon trains scaled the Sierra or struggled through the desert. . . . Spreading of news that gold had been discovered in Sutter's mill race touched off the first of a series of mass migrations to California, the most recent of which, and the greatest yet in point of numbers, was the migration of the 1940's which brought war workers and, later, victorious veterans to build a better future for themselves and their families upon the foundations of the Golden State. . . . Through the years the plenteous resources of California have attracted resourceful people in successive waves of migration. . . . Forty-Niners of all generations have had one characteristic in common: all of them have sought greater opportunity, a more abundant life—and they have been ready to work for these things. They were empire builders. They have done—and are still doing—a great job of building.



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